HR 4961

rank-and-file employees will be reduced because the plans will be curtailed or eliminated.

(7) I urge you to work strongly against HR 6410, and any similar legislation. Please keep me advised of the progress of this Bill and any similar Bill in the Senate.

(8) Philosophically, I have another complaint about HR 6410. Congress exempts itself and other governmental employees from social security. Small businessmen pay social security taxes for their employees and they must pay those taxes into a system that is functionally bankrupt. In addition, congressmen and senators and government employees have federal pension benefits indexed with social seucrity. There is a double-dipping and triple-dipping in the pension system. Many federal employees retire with a tremendous pension benefit and they join social security for a short period of time to get an additional social security benefit. This Bill will reduce the retirement security of middle and working class people everywhere in America.

Very truly yours,

CHARLES D. ATKINSON, D.D.S., M.S.D.

THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA,
Columbia, S.C., July 15, 1982.

Re The Pension Equity Act of 1982—H.R. 6410.

Hon. STROM THURMOND,
U.S. Senate,
Washington, D.C.

DEAR SENATOR THURMOND: The above Bill was introduced May 19, 1982 by Congressman Rangel of New York apparently in an effort to generate immediate tax revenues. Based on the context of the Bill as reported, we consider this proposed legislation to be hastily conceived and not at all in the best interests of employees throughout this country who have been forewarned, even by the President's Commission on Pension Policy, to rely more and more on individual effort and the private pension systems to provide for retirement.

We understand also that the Senate Finance Committee met on July 1 to consider similar legislation and has in process a proposal that would essentially copy the Rangel Bill.

The major thrust of the Economic Recovery Tax Act of 1981 (ERTA) was directed toward incentives designed to encourage employees to establish and maintain retirement accounts as supplements to company plans and social security. H.R. 6410, if enacted, would be a reversal in principle from ERTA and would inject more confusion and inconsistency into the retirement system.

The provisions of the Bill limiting, and in most respects reducing, heretofore allowable contributions and benefits would discourage the formation of new retirement plans by smaller businesses and especially by the professional service corporations and rules. Such discouragement would simply increase the burden on our unstable social security system to provide more and more retirement benefits for these individuals who otherwise could have been covered by a private company plan.

We anticipate also that many smaller companies will decide to discontinue their existing retirement plans due to the new rules, new bureaucracy and increased administration and costs inherent in the passage of such a far-reaching Bill. As you may recall, this was the reaction of many companies following the enactment of the Employee Retirement Income Security Act on 1974 (ERISA).

ERISA was the result of almost ten years of study and preparation and the process of changes in that law and the issuance of final regulations thereunder still continue to this date. H.R. 6410 would add more complexity to this legislative area which may already be the most difficult to understand and administer. As we are now settling somewhat in the aftermath of ERISA, H.R. 6410 comes along and creates havoc again.

We believe that legislative change of the magnitude represented by H.R. 6410 should warrant very careful and deliberate consideration and that such consideration should be made in political environment not pressured by current budget deficits. The self-help concept that has been fostered by the present Administration would be dealt a severe blow and be perceived by employees across the country as another ill-conceived and untimely effort to generate current tax revenues at the expense of future retirement benefits.

We serve in a fiduciary capacity for several hundred corporate retirement plans throughout the state. We have notified these plan sponsors of the negative effect H.R. 6410 could have on their current retirement programs.

Please help us defeat this proposed legislation now under consideration by committees in both the House and the Senate.

Sincerely,

DENNIS C. ADAMS,
Vice President,
Pension Development.

T. R. W. WILSON MEMORIAL LABORATORIES,
Greenville, S.C., July 15, 1982.

Hon. STROM THURMOND,
Senator from South Carolina,
Washington, D.C.

DEAR SENATOR THURMOND: I am very much disturbed by several proposals being discussed in the Senate Finance Committee which would change drastically the pension and profit-sharing plans for professionals "in the field of health, law, engineering, architecture, accounting, actuarial science, performing arts, athletics, or consulting." The corresponding bill in the House, H.R. 6410, ironically enough is called "The Pension Equity Tax Act of 1982". What both of these proposals actually do is create a discriminatory situation for those participants in corporate pension plans opposed to those participants in professional pension plans. The original acts were set up to end this gross discrimination. The current proposals would restore the glaring inequities. According to my information, the proposed plan would reduce the maximum annual contribution limit, place a 2-year freeze on the cost of living adjustment, increase the early retirement age from 55 to 62, reduce the cumulative total dollar amount limitation of benefits, and prevent a person from borrowing on his plan. We have been as liberal as the law allows with our employees and consider that our pension and profit-sharing plan is a real benefit. However, if these benefits are truncated, it would place us at an unfair competitive advantage with private industry. Not only that, in these days of high interest rates and continuing inflation, the pension and profit plan is frequently the only source from which our employees can borrow money at reasonable interest rates, if they can borrow money at all.

I am grateful for the small tax cut which was put through by the Reagan Administration last year, even though it was somewhat delayed. However, it was more than offset by an increase in my Social Security tax. Since this increase in Social Security tax did not increase my ultimate benefits, I can only consider it a form of income tax which the government is too dishonest to call an income tax. However, if this present destruction of the professional pension and profit-sharing plan goes through, I and my colleagues and employees will be in much worse shape as far as our ultimate retirement and present day existence than we were two years ago under the Carter Administration. I believe this entire proposal is a total reversal of the publicly supported Reagan Administration philosophy to reduce or maintain at present levels the amount of taxes to which a person is subjected. I would appreciate very much your opposition to these proposals.

Thank you.

DONALD G. KILGORE, Jr., M.D.

GREENVILLE, S.C., *July 16, 1982.*

Hon. J. STROM THURMOND,
U.S. Senate,
Washington, D.C.

DEAR SENATOR THURMOND: I am concerned about the recently agreed revenue raising proposals of the Senate Finance Committee and H.R. 6410 (The Pension Equity Tax Act) as they are related to reduction in benefits from retirement programs.

According to a recent editorial in the Wall Street Journal, it is estimated that 68 percent of those now in private pension plans would suffer reduced benefits.

At a time when everyone is concerned about the future of Social Security, it seems unfortunate that Congress would attempt to place further limitations on private pension plans.

Further, with recovery and growth dependent on generating more private savings and investment, it does not appear logical to start draining the capital in private pension pools.

We need bigger and better private pension systems, not weaker ones.

Your consideration of the harmful effects of this bill will be appreciated.

Respectfully,

GORDON E. WILLIAMS.

Mr. THURMOND. Mr. President, I suggest the absence of a quorum.

Mr. DOLE. And let it be charged equally.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I ask unanimous consent that the amendment of the Senator from New Jersey may be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 1124

Mr. BRADLEY. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) for himself and Mr. BRADY proposes an unprinted amendment numbered 1124.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following new section:

Title III of the Communications Act of 1934 is amended by inserting immediately after section 330 therein the following new section:

VERY HIGH FREQUENCY STATIONS

SEC. 331. It shall be the policy of the Federal Communications Commission to allocate channels for very high frequency commercial television broadcasting in a manner which ensures that not less than one such channel shall be allocated to each State, if technically feasible. In any case in which a licensee of a very high frequency commercial television broadcast station notifies the Commission to the effect that such licensee will agree to the reallocation of its channel to a community within a State in which there is allocated no very high frequency commercial television broadcast channel at the time of such notification, the Commission shall, notwithstanding any other provision of law, order such reallocation and issue a license to such licensee for that purpose pursuant to such notification for a term of not to exceed five years as provided in section 307(d) of the Communications Act of 1934.

Mr. BRADLEY. Mr. President, this amendment regarding a very high frequency television station in New Jersey has been dealt with by the Senate on three separate occasions, the last time by a vote of 86 to 4. It is cleared by Senator PACKWOOD, Senator DOLE, and Senator LONG. I offer it on behalf of Senator BRADY and myself.

Mr. DOLE. Mr. President, I have discussed this amendment. It is not germane, but it is a very important amendment and I am not going to raise any point of order on germaneness. It has previously passed the Senate by 86 to 4. It involves a very high frequency station in New Jersey. I am willing to accept the amendment. It has been cleared by the distinguished Senator from Louisiana.

I yield back the remainder of my time.

Mr. BRADLEY. Mr. President, I yield back the remainder of my time. I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Jersey (Mr. BRADLEY).

The amendment (UP No. 1124) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BRADLEY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I yield to the Senator from Oklahoma.

UP AMENDMENT NO. 1125

(Purpose: To exempt interest payments of $100 or less from the withholding requirements)

Mr. NICKLES. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Oklahoma (Mr. NICKLES) proposes an unprinted amendment numbered 1125.

Mr. NICKLES. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 475, line 22, strike out "$10" and insert in lieu thereof "$100".

Mr. NICKLES. Mr. President, the amendment that I have deals with the withholding of interest and would increase the threshold at which the banks and savings and loans or other institutions would have to withhold interest. Presently in the law it says that if their interest income on an annual basis was $10 or less they would not have to withhold taxes.

Mr. DOLE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. NICKLES. I thank the Chair.

The present law, as it is in the bill as drafted by the Finance Committee, has a threshold that says if your interest is $10 or less, you will not have to have withholding. The effect of my amendment is to increase that from $10 to $100.

Mr. President, I think all Members should know the effect of this amendment, because I am sure that everyone will be asked this question. If we increase that up to $100, which I hope that we will do and which I am pleased that the Finance Committee chairman and also the administration have agreed to this, it would have a very important effect because what it will do will exempt a greater number of small accounts that are in savings and loans and in banks from mandating that they have to have withholding. In other words, you could have $1,000 in a bank account and if it was paying 8-percent interest, the interest would be $80 and, therefore, it would not be mandated that they would have to withhold on that account.

So the real important aspect of this is that we will be eliminating the mandatory withholding on the interest of small accounts if that interest is less than $100 a year. That boils down to $25 a quarter.

If they happen to have passbook savings and they are earning 5¼ percent, they could have almost $2,000 in their account and not to have withholding taken out of their interest income. So I think it is a very positive thing. I think it will save millions of small savers from having an unnecessary penalty of withholding from their accounts.

I thank the Senator from Kansas for his assistance and also the assistance of his staff and the administration in working with me to come up with this exemption. The Senator from Kansas has other exemptions for persons that pay small amounts of income tax who will not have withholding. He also put in an exemption for persons who are over the age of 65. I compliment him on both of those exemptions.

I think this exemption, too, will go a long way toward restoring a little commonsense to this withholding amendment. It will save banks and S. & L's and other institutions a great deal of headaches and paperwork where they will not be required to withhold on small accounts. For example, if a person's interest income was $20 per quarter under the bill as it is, they would have to withhold $2. Now they will not have to do that. Certainly withholding $2 is not worth the time and expense for that institution to withhold that amount, report it, send it to the IRS, and later have the taxpayer probably file for a refund.

So I think it is a commonsense amendment. I think it will help restore some commonsense to this withholding section for interest, and I urge its adoption.

Mr. DOLE. Mr. President, the committee bill provides that the payor of minimal interest payments may elect not to withhold payments which aggregate less than $10 if made on an annual basis. The amendment offered by the distinguished Senator from Oklahoma, I think, is an excellent amendment and should go a long way in dispelling any fears, with all the other protections we have built in to the withholding section of our bill. I hope this will ease passage or make it more difficult to knock out the withholding section which will follow this amendment.

The amendment of the Senator from Oklahoma increases the $10 minimal amount in the committee bill to $100. The revenue effect in 1983 is $47 million, in 1984 is $33 million, and in 1985 is $35 million, for a total of $115 million.

Under this provision, no withholding will be required when the amount withheld on an annual basis would be less than $100. This will eliminate a substantial amount of nuisance paperwork on small transactions.

Mr. President, I commend the distinguished Senator from Oklahoma, who has been working on ways to make the withholding of interest and dividends work. He has been very helpful the past 2 days as we have sought ways to make certain we could assure our colleagues that what we were doing is consistent with tax compliance and at the same time that we are not making any change that would unduly impact on people 65 years of age or over, low-income Americans, or anybody with a small amount or minimal amount of interest or dividend income. We think this amendment is very helpful. I hope it will be adopted. I commend the Senator from Oklahoma.

Mr. KASTEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. Mr. President, I join in supporting the amendment of the